

Department of Public Health
and Human Services

Section:
INCOME

TANF CASH ASSISTANCE

Subject:
Income Disregards

Supersedes: TANF 602-1 (11/01/01)

References: ARM 37.78.102, 37.78.406 and 37.78.407; House Bill 2 (2005)

GENERAL RULE-- Income disregards are certain amounts of income that are subtracted from the filing unit's countable gross income to determine the total countable income amount. Subtracting these income disregards reduces the amount of countable income to be tested against the Benefit Standard for the household's size. Refer to Section 603-1 for income tests policy and procedure.

There are two types of income disregards - earned income disregards and an obligated income disregard. Earned income disregards take into account the expenditures related to employment such as childcare. The only obligated income disregard is for a legally binding child support obligation.

EARNED INCOME DISREGARDS

The earned income disregards are subtracted in a specific order from the monthly gross income of each wage earner. These disregards and the order in which they are applied are:

1. \$200 work expense; TEAMS does this calculation.
2. Twenty-five percent (25%) of remaining earned income; TEAMS does this calculation.
3. Up to \$200 per month per dependent for care required for employment.

WORK EXPENSE DISREGARD

The first \$200 of monthly earnings of each wage earner, whether employed full or part-time, is deducted. This deduction is for work-related expenses such as mandatory payroll deductions and union fees (actual work expenses do not have to be verified). This is calculated and entered by TEAMS on the EXPD screen.

PERCENT DISREGARD

Twenty-five percent (25%) of the balance of the monthly earnings is subtracted from the balance remaining after the Work Expense Disregard. This is calculated and entered by TEAMS on the EXPD screen.

DEPENDENT CARE DISREGARD

The dependent care disregard, up to \$200 per month of incurred (expected to be billed) expenses, is available for each minor child (Section 201-1) or incapacitated adult who is:

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1. living in the same home as the earner; and
2. receiving TANF cash benefits or would be except they are excluded pursuant to federal regulations such as a child receiving SSI (Supplemental Security Income).

If the dependent care expense is for an incapacitated adult, his/her incapacity must be verified in writing from a physician or designee.

Allow dependent care costs when necessary for a household member to:

1. Accept or continue employment; or
2. Seek employment; or
3. Attend training or schooling preparatory to employment.

Reasonable costs to transport a dependent to or from care is an allowable dependent care expense.

All Family Investment Agreement/WoRC Employability Plan (FIA/EP) activities for TANF cash assistance are considered to be employment and training activities. Therefore, childcare co-payments for all FIA/EP activities are an allowable disregard.

The participant shall provide a signed statement from the day care provider that lists the individual(s) in care, hours of care and amount of monthly charges.

DEPENDENT CARE EXPENSE-- Calculate the expense based on the amount the wage earner is obligated to pay. The amount can be anticipated based on the most recent month's expense unless it is reasonably certain a change will occur for the benefit month. Enter the total calculated amount on the EXPE screen against the dependent receiving the care. TEAMS automatically limits the amount subtracted to \$200 per child or incapacitated adult per month.

NOTE: If the household has applied or intends to apply for Block Grant child care but the child care has not yet been approved, allow the full anticipated child care expense. When the Block Grant child care has been opened and a portion of the dependent care expense is reimbursed or paid for by Block Grant child care, allow only the amount of the child care expense in excess of these payments (i.e., co-pay or over and above charges).

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Allow the dependent care disregard only if the care provider is someone who is not included in the filing/assistance unit. However, the provider may be living in the same residence.

TEAMS Process: Code the employment-related dependent care expense on the TEAMS screen EXPE against the dependent receiving the care. TEAMS considers the child coded 'SC' on SEPA (SSI recipient) as included and will allow the disregard for the wage earner.

<u>Code:</u>	<u>Description</u>
DA	Expense countable for the TANF cash and Family MA Programs
DF	Expense countable for the Food Stamp Program
DC	Expense countable for all programs

LOSS OF EARNED INCOME DIREGARD

The wage earner is not allowed the earned income disregards in the following circumstances:

1. If he/she has been convicted of fraud in a court of law or is determined through an Administrative Disqualification Hearing (or signed form FA-559) to have committed an Intentional Program Violation (TEAMS Income Type Code: 'LA').
2. If he/she has voluntarily quit or reduced his/her hours of work (TEAMS Income Type Code: 'LA') or
3. If he/she has failed to report earnings and an overpayment is calculated (TEAMS Income Type Code: 'LA').

Refer to Section 1505-1 for Fraud and Intentional Program Violation policy and procedure.

OBLIGATED INCOME DISREGARD

The filing unit is also allowed an income disregard designed to encourage parents to fulfill their financial obligation for legally-binding child support payments. The amount of the child support payment obligated to non-household members is subtracted from the total of the balance remaining after the earned income disregards and the unearned income of the filing unit are added together.

Verification of the child support obligation and actual payment history showing regular payments must be provided to allow this deduction, unless the payment is collected through automatic income withholding. In these instances, allow the disregard upon receipt of appropriate verification. Enter the prospected amount on the EXPE screen using the expense code, 'CH'. This disregard should be reviewed at all FIA/EP

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renewals. Document TEAMS Case Notes (CANO). Child support payment history is available on the Child Support Enforcement Division's SEARCHS system.

SAMPLE CALCULATION

TANF cash assistance applicants and participants: If the filing unit's gross countable income passes the Gross Monthly Income (GMI) test, the income disregards (earned and obligated) are applied as follows:

1. Subtract the \$200 work expense disregard to arrive at a subtotal.
2. Subtract the 25% disregard from the subtotal.
3. Subtract up to \$200 per month per individual for dependent care expenses from the balance.

Earnings	\$690.00
- less <u>Work Expense</u>	<u>-200.00</u>
Sub-Total	\$490.00
- less <u>25%</u>	<u>-122.50</u>
Balance	\$367.50
- less <u>dependent care</u>	<u>-200.00</u>
Total Countable Income	\$167.50

4. Add any countable unearned income, and

<u>+ Plus Unearned Income</u>	<u>\$+75.00</u> (WC)
Balance	\$242.50

5. Subtract the legally-binding child support payment the filing unit expects to pay in the benefit month.

- less <u>Child Support</u>	<u>-150.00</u>
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Total Countable Income	\$ 92.50
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NOTE: The total net countable Income in this example (\$92.50) is rounded down and tested against the Benefit Standard for the household size to determine eligibility and subtracted from the Payment Standard amount for the appropriate assistance unit size to determine the benefit amount.

TEAMS PROCESSING

TEAMS processes the income and displays the allowed amounts on the EXPD (Experimental Payment Determination) screen. Eligibility and/or grant amount is also displayed.

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